UNITED
NATIONS

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14 December 1993

ORIGINAL: ENGLISH

LETTER DATED 10 DECEMBER 1993 FROM THE CHAIRMAN OF THE SECURITY COUNCIL COMMITTEE ESTABLISHED PURSUANT TO RESOLUTION 724 (1991) CONCERNING YUGOSLAVIA ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

Addendum

I have the honour to refer to the letters dated 2 July and 4 August 1993 (S/26040 and Add.1, respectively), by which the Acting Chairman of the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia transmitted to the President of the Security Council the recommendations adopted by the Committee in response to requests by six States for assistance under the provisions of Article 50 of the Charter of the United Nations.

At its 91st meeting, on 9 November 1993, the Committee adopted without objection further recommendations to you, in your capacity as President of the Security Council, in the form of draft decisions submitted by the Committee's Working Group with regard to the applications by Slovakia and the former Yugoslav Republic of Macedonia. The recommendations are set out hereunder. The Committee also decided that it would, with the concurrence of the applicant States, transmit, together with the relevant recommendations, the text of the memorandum and any additional explanatory material which the States had provided in the presentation and support of their applications.

With the adoption of the aforementioned recommendations, the Committee completed its consideration of the situation of all eight countries that had invoked Article 50 of the Charter of the United Nations.

(Signed) Ronaldo Mota SARDENBERG
Chairman
Security Council Committee established
pursuant to resolution 724 (1991)
concerning Yugoslavia

Annex I

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to Slovakia

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Slovakia under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992 and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993, in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Slovakia (documents S/25894 of 7 June 1993 and S/26648 of 27 October 1993) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Slovakia,

"Expressing concern at the special economic problems confronting Slovakia as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Slovakia,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Slovakia, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Slovakia for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Slovakia in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Slovakia;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Slovakia to mitigate the adverse impact on its economy of the application by Slovakia of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Slovakia, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General, on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Slovakia and to report thereon to the Security Council."

Enclosure I

Letter dated 7 June 1993 from the Permanent Representative of Slovakia to the United Nations addressed to the President of the Security Council a/

Upon instructions from my Government, I have the honour to communicate the following:

The Security Council has decided on a wide range of measures against Serbia and Montenegro. The Slovak Republic is fully committed to implement all the resolutions of the Security Council.

As a Danube country and a directly affected Member State of the United Nations, the Slovak Republic is confronted with serious economic problems arising from carrying out the measures set out in the relevant Security Council resolutions.

Therefore, invoking Article 50 of the Charter of the United Nations, the Government of the Slovak Republic wishes to consult the Security Council with regard to a solution to these problems.

I would appreciate if you could kindly inform the members of the Security Council of the aforementioned intention of my Government and have this letter circulated as a document of the Security Council.

(Signed) Eduard KUKAN
Ambassador
Permanent Representative

Notes

a/ S/25894.

Enclosure II

Letter dated 26 October 1993 from the Permanent Representative of Slovakia to the United Nations addressed to the President of the Security Council a/

I have the honour to refer to my letter of 7 June 1993 addressed to you (S/25894) concerning the serious economic problems arising from carrying out the measures set out in the relevant Security Council resolutions imposing sanctions on the Federal Republic of Yugoslavia (Serbia and Montenegro) and also to Security Council resolution 843 (1993) of 18 June 1993.

In this connection I have the honour to transmit herewith details as to the nature and extent of the economic difficulties confronting my country as a result of its strict implementation of the sanctions regime imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro) by the Security Council in its relevant resolutions.

I would appreciate if you could kindly inform the members of the Security Council of these losses and have this letter and its annex circulated as a document of the Security Council.

(Signed) Eduard KUKAN
Ambassador
Permanent Representative

Notes

a/ S/26648.

Attachment I

Settlement of losses directly connected with the embargo

		Thousands of United States dollars
1.	Name of enterprise: Ministry of Economy of the Slovak Republic	
	Address: Špitálska 8, Bratislava	
	Contact: Ing. Zorvan Milan	
	Telephone: 321 548	
	Entrepreneurial sphere: foreign trade	
2.	Loss caused by import and export policy	
	A. Total primary expenses	89 380
	B. Total reimbursement expenses	35 080
	C. Total loss (A minus B)	54 300
3.	Cost of restructuring	
	A. Expenses connected with compensatory agreements	26 200
	B. Expenses connected with transient period	23 106
	C. Financial expenses	35 080
	D. Cost of maintenance	36 810
	E. Employees' wages loss	
	F. Other expenses	15 421
	G. Total cost of restructuring (A+B+C+D+E+F)	136 617
4.	Other alternatives	55 058
5.	Total loss	245 975
6.	Expected loss in 2, half-year 1993	41 815

Attachment II

Information on the losses directly or indirectly connected with sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) resulting from the implementation of the resolution of the United Nations Security Council

Losses arising from:	Thousands of United States dollars 1992	1993
Cancelled contracts	91 965	1 965
Goods produced but not exported	-	-
Products transferred to other markets at lower prices	-	-
Cancelled imports	858	-
Compensatory contracts, which covered cancelled imports	-	-
Cancelled imports without compensatory contracts	-	-
Cancelled barter transactions	6 192	465
Exported but unpaid production (with maturity after 31 May 1992)	1 424	-
Suspension and delay of transport	38 346	11 653
Payment of interest bank credits used for production of goods, which should be exported to the former Yugoslavia	-	-
Interest paid for bank credits in convertible currency, used for the coverage of imports from the former Yugoslavia before the embargo, which had to be compensated with imports from other markets	-	-
Dead capital resulting from unrealized exports	5 150	4 337
Profit loss from goods contracted but not produced for the Federal Republic of Yugoslavia (Serbia and Montenegro)	10 113	11 786
Other reasons	37 908	23 813
	191 956	54 019
	191 956	
	54 019	
Total	245 975	

Attachment III

1. Factual description

The first agreement between Czechoslovakia and the Kingdom of Serbia, Croatia and Slovenia about cooperation and trade was contracted in 1928. After the end of World War II, following a short freeze in mutual relations in the 1950s, an intense expansion of commercial, and then political, cooperation between Czechoslovakia and Yugoslavia took place in the next decade.

This cooperation was further developing generally, in cooperation, in production and in the founding of common enterprises, etc.

The rapid decline in the mutual exchange of goods after 1989 is proved by the following survey:

	1989	1990	1991	1992
Total turnover	1 228.0	1 038.0	401.3	168.4
Import	608.0	533.7	163.1	47.1
Export	620.0	505.0	238.2	121.3

In accordance with the suggestion of the delegation of the United States of America at the meeting of "The committee of delegates" in Vienna (February 1993) furthermore severe sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) were discussed. This also affected transit and damaged and impaired the economy of Slovakia.

The suggestion of the delegation of the United States of America was accepted and reflected in the most severe resolution of the United Nations Security Council accepted till now: resolution 820 (1993), which came into effect on 26 April 1993.

Since Slovakia, as a Member of the United Nations, fully respects its decisions and consistently abides by resolution 820 (1993) in spite of grave economic losses, it is necessary to mitigate this impact on Slovakia in any form and reimburse the quantified losses.

According to data obtained, 43 subjects in Slovakia have been affected by the embargo, three quarters of them are private and privatized physical and juridical persons and nearly one quarter are joint-stock companies with State participation.

These subjects are controlled by five departments:

Ministry of Transport, Communications and Public Works

Ministry of Health

Ministry of Economy

Ministry of Agriculture

Ministry of Finance

The embargo affects these branches:

	Thousands of United States dollars
Machine industries	16 537
Power engineering	5 365
Foodstuff, cereals, fruit and vegetables	23 200
Foreign trade (export, import)	64 300
Slovak railways	8 165
Water transport	18 900
Road transport	3 050
Building industry	17 902
Metallurgy	28 220
Steelmaking	7 250
Oil industry	4 570
Chemical industry	3 458
Other branches	45 058
Total	245 975

These numbers correspond with the data in the response to the questionnaire and attachment I.

2. Argumentation

Many business partners from Slovakia had been cooperating for several decades with the States of the former Yugoslavia. Owing to this cooperation, they created mutual good business and cooperative relations, settled through clearing arrangements.

They created common technology and standards applied in production and business.

With the change of the political situation in Yugoslavia and the implementation of the embargo imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro) by the United Nations Security Council, these relations have been disturbed and the said region is not utilizable for mutual business

and cooperation between Slovakia and the Federal Republic of Yugoslavia (Serbia and Montenegro). Many producers in Slovakia are experiencing a great decline in production. Completed products and components are staying on stock as dead capital which constantly burdens producers financially with warehouse expenses. It is very difficult to find compensatory customers in Europe and overseas and this brings an excessive increase in expenses.

In many cases, specific equipment like engines, gearings, air-conditioning and others was imported custom-made for a given technical complex. Because of the situation that has arisen, they are not utilizable, or even marketable. This loss is directly affecting the contractor and it burdens the producer.

The realization of these supplies to the Federal Republic of Yugoslavia (Serbia and Montenegro) was fully suspended because of the embargo. The same applies to cooperation and joint ventures between Slovakia and the States of the former Yugoslavia.

Detailed quantified losses of Slovakia connected with the embargo against the Federal Republic of Yugoslavia (Serbia and Montenegro) (Security Council resolution 820 (1993)) are summarized in the answer to the questionnaire for settlement of losses directly connected with the embargo (see attachments I and II).

Annex II

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to the former Yugoslav Republic of Macedonia

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communication received from the former Yugoslav Republic of Macedonia under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by the former Yugoslav Republic of Macedonia (documents S/AC.27/1993/COMM.3396 and S/AC.27/1993/WG/COMM.3) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of the former Yugoslav Republic of Macedonia,

"Expressing concern at the special economic problems confronting the former Yugoslav Republic of Macedonia as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by the former Yugoslav Republic of Macedonia,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by the former Yugoslav Republic of Macedonia, as well as other

States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of the former Yugoslav Republic of Macedonia for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist the former Yugoslav Republic of Macedonia in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by the former Yugoslav Republic of Macedonia;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to the former Yugoslav Republic of Macedonia to mitigate the adverse impact on its economy of the application by the former Yugoslav Republic of Macedonia of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to the former Yugoslav Republic of Macedonia, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of the former Yugoslav Republic of Macedonia and to report thereon to the Security Council."

Enclosure I

Communication dated 11 May 1993 from the Ministry of Foreign Relations of the former Yugoslav Republic of Macedonia addressed to the Chairman of the Committee a/

The Ministry of Foreign Relations of the Republic of Macedonia presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia, His Excellency Ronaldo Mota Sardenberg, and has the honour to enclose herewith a summary of projected damages arising from the implementation of the United Nations Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), provided by the Government of the former Yugoslav Republic of Macedonia.

Notes

a/ Issued as a document of the Committee (S/AC.27/1993/COMM.3396).

Attachment I

Summary of projected damages arising from the implementation of United Nations Security Council resolutions 757 (1992), 787 (1992) and 820 (1993)

	Millions of United States dollars
TOTAL AMOUNT OF DAMAGES	11 847.0
1. Loss of revenue resulting from reduced production and marketing of industrial and mining production	902.2
(a) Sources of energy	10.4
(b) Ferrous metallurgy	117.6
(c) Non-ferrous metallurgy	95.9
Ore production of non-ferrous metals	6.6
Production of ferrous metals	56.6
Processing of non-ferrous metals	32.8
(d) Non-metallic minerals	31.9
Non-metallic mineral production	0.7
Non-metallic mineral processing	31.2
(e) Metal processing	22.8
(f) Production of traffic equipment	91.7
(g) Production of electrical machinery	66.7
(h) Chemical industry	99.7
Basic chemical industry	65.8
Processing of chemical products	33.9
(i) Production of building materials	13.4
(j) Wood industry	25.1
Production of lumber	2.2
Production of finished wood products	22.9
(k) Paper production and processing	16.0
(l) Textile industry	117.0
Textile yarn and materials	35.4
Production of finished textile products	81.6
(m) Leather industry	45.8
Leather and fur production	4.9
Production of footwear and leather accessories	40.9
(n) Food industry	53.9
Production of foodstuffs	45.2
Production of beverages	8.7
(o) Tobacco production and processing	94.1
2. Increased transport costs resulting from the use of alternate transport routes (see survey on p. 19)	207.5

		Millions of United States dollars
3.	Loss of revenue resulting from unrealized transport services	
	Road communications	134.4
	Railway communications	49.2
	Air communications	30.2
	Post/telegraph/telephone services	8.4
4.	Loss of revenue resulting from unrealized commerce	58.0
5.	Loss of revenue resulting from unrealized tourist services (1 million beds x $35)	35.0
6.	Loss of revenue resulting from unrealized production and marketing of agricultural, forestry and water resources	182.0
	Agriculture	165.6
	Farming	90.3
	Fruits	9.4
	Grapes and wine production	16.6
	Cattle breeding	49.3
	Forestry	14.0
	Water resources	2.4
7.	Increased expenses for social safety, pensions, acquirement of medicines, redundancies, discontinuation of production	113.0
	Material and social security for redundant workers	40.0
	Material and social security for workers on mandatory leave	30.0
	Additional expenses for acquirement of medicines and raw materials for the production of medicine	40.0
	Additional expenses for pensions of persons living in the former Yugoslav Republic of Macedonia who acquired pension rights in the Federal Republic of Yugoslavia	3.0
8.	Indirect damages	65.0

Attachment II

Survey of transported quantities and increased expenses owing to the use of alternate routes within the period of one year

Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
1. Crude oil and derivatives	1 100	Salonica	Burgas	Import	33.4	37 712
2. Ferrous metallurgy						
Components	800 000	Salonica	Burgas	Import	42.5	34 000
Sheets and metals	400 000	Salonica	Burgas	Export	42.5	17 000
Sheet metal	300 000	Subotica	Subotica	Export	96.9	290 612
Ferrous alloys	100 000	Salonica	Burgas	Import	42.5	4 250
Ferromanganese/silicone manganese	50 000	Salonica	Burgas	Export	42.5	2 125
Chrome ore	120 000	Salonica	Burgas	Import	42.5	5 100
Ferrochrome/ ferrosilicium	80 000	Subotica	Subotica	Export	96.9	5 813
Electrical power	15 000	Salonica	Burgas	Import	42.5	638
Nickel	8 000	Subotica	Subotica	Export	96.9	581
Manufactured material for pipes	80 000	Salonica	Burgas	Import	42.5	3 400
Pipes	70 000	Salonica	Burgas	Export	42.5	2 975
Total	2 003 000					104 944

.../...

Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
3. Zinc concentrate	65 000	Salonica	Burgas	Import	42.5	2 750
Zinc	15 000	Subotica	Subotica	Export	96.9	4 359
Manufactured aluminum material	7 000	Subotica	Subotica	Import	96.9	678
Finished product	6 000	Subotica	Subotica	Export	96.9	581
Manufactured copper material	1 000	Subotica	Subotica	Import	96.9	97
Copper	6 000	Subotica	Subotica	Export	96.9	581
Total	100 000					9 046
4. Metal processing						
Manufactured material	5 000	Subotica	Subotica	Import	96.9	472
Finished products	10 000	Salonica	Burgas	Export	42.5	425
Total	15 000					897
5. Traffic equipment						
Manufactured materials and components	10 000	Subotica	Subotica	Import	96.9	969
Fixtures	4 000	Subotica	Subotica	Export	96.9	387
Total	14 000					1 365
6. Electrical machinery						
Manufactured materials and components	3 000	Subotica	Subotica	Import	96.9	290
Finished products	3 000	Salonica	Burgas	Export	42.5	127
Total	6 000					417

/...

Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
7. Chemical industry						
Basic materials for fertilizers	200 000	Subotica	Subotica	Import	96.9	19 375
Other manufactured materials	60 000	Salonica	Burgas	Import	42.5	2 550
Export of finished products	36 000	Subotica	Subotica	Export	96.9	3 487
Total	296 000					25 412
8. Coal	300 000	Subotica	Subotica		96.9	28 750
GRAND TOTAL	3 862 000					207 543

Notes: In 1992 5,641 tons have been transported by railway cargo transport and 6,141,000 by road cargo transport.

The following routes are given for comparison:

(a) Skopje-Nis-Belgrade-Subotica; railway transport, 15-ton tariffs; individual price $71.90 per ton;

(b) Skopje-Guesevo-Ruse-Kurtici; combined transport, Skopje-Guesevo by truck, Guesevo-Kurtic by train, 15-ton tariff; reloading at Guesevo; individual price $168.75 per ton.

Difference $96.85 per ton.

Skopje-Thessaloniki - railway transport individual price $39.40 per ton

Skopje-Burgas - road transport individual price $81.90 per ton

Difference $42.50 per ton

.../

Attachment III

Statement by the representative of the former Yugoslav Republic of Macedonia to the Working Group (on Article 50 of the Charter of the United Nations) on 30 November 1993

The fact that the former Yugoslav Republic of Macedonia is the only member of the former Yugoslav Federation that achieved its independence through a policy of peaceful self-determination has spared our peoples the grave consequences of devastation caused by war. This policy has also helped stabilize the region. This region, as has been demonstrated in two Balkan Wars at the beginning of this century, is potentially an arena of conflict involving many nations. That is why we have stood for a foreign policy of peace and tolerance and for dialogue as a political method for resolving problems among Balkan States.

Speaking of our domestic policy, we are determined to push forward with economic and political reforms which will lead us to a market economy and a democratic society. Also, it is of utmost importance to us to preserve the inter-ethnic dialogue, the lack of which has caused so much suffering in parts of the territory of the former Yugoslavia.

Supporting the action of the United Nations formulated in Security Council resolution 757 (1992), my Government, together with other nations in the world, hoped that it would lead to a peaceful end to the war by putting economic pressure on the warring sides. But in our letter of support dated June 1992, addressed to the Secretary-General, we underlined that, because of the specific position of our economy, sanctions would hurt us badly, and asked for assistance calling on Article 50 of the Charter of the United Nations.

We also presented an estimate of direct and indirect damages in the fields of industry, transport and communications, civil engineering, trade and tourism. In the same letter we pointed to the fact that, and I quote "owing to the unique technological development on the territory of the former Yugoslavia, there are several interrelated systems, such as the electro-economic system, the postal and telecommunications system, the railway and transportation system ..." which, when cut off, would produce an economically impossible situation for our State.

Prior to the sanctions, the "organic" whole of the economy of the former State was being broken, not through dialogue and sober judgement as to what should remain of the previous economic relations, a policy that we stood for, but through economic war, which was soon followed by real war.

Moving away from the conflict, we in Macedonia began a speedy process of economic and financial emancipation from the former State of Yugoslavia, laying at the same time the foundations for economic and political reform of our society. Parallel to this colossal task we had to adjust our economy to Security Council resolution 757 (1992) (and later resolutions 787 (1992) and 820 (1993)), which meant cutting all economic, scientific, cultural and sports ties with the Federal Republic of Yugoslavia (Serbia and Montenegro).

I am trying to make one point very clear, a point which distinguishes us from other neighbouring countries, making our position incomparably more difficult. The point is this: on the one side you have the economies of neighbouring countries which are badly hurt by the sanctions imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro), on the other side, in the case of the former Yugoslav Republic of Macedonia, you have all of this plus an economy in the making, emancipating itself from the economy it was part of by working on the necessary economic legislation, by printing its own money, by building border crossings and customs offices in the north, to mention only a few things. We also had to cope with the economic and political pressure imposed on us by one of our neighbours, who, at that time, incorrectly perceived the creation of our State as a threat to their security.

Having all of these severe problems in mind it is a miracle that we have managed to preserve our economy, our internal peace, an open dialogue with ethnic minorities and their participation in Government, and even move forward towards a market economy, privatization and democratic institution-building. I say this because the economic conditions that we are experiencing today tend to radicalize all issues, not just the economic ones. Poverty produces radicalism.

Speaking of poverty allows us to inform you that using the methodology of the United Nations Development Programme (UNDP), an inquiry was made in some 170 enterprises which carry 80 per cent of the trade and 80 per cent of the workforce in Macedonia. The result of this inquiry clearly shows that as a result of the sanctions our economy has been ravaged. The price that we have had to pay is the following: industry, agriculture, trade, tourism, communications and construction: 2.3 billion United States dollars (direct damages being 1.83 billion United States dollars while indirect damages total 470 million United States dollars). Industry, with 1.9 billion dollars in damages and agriculture with 182 million dollars, have been hit the worst.

The former Yugoslav Republic of Macedonia, a land-locked country, with its only viable road and railroad system going north through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) closed, and a lost market, which accounted for 56 per cent of our exchange, is facing a severe economic crisis, potential economic chaos and a very bleak economic future. Political consequences follow.

I urge the Security Council to call for immediate assistance for the former Yugoslav Republic of Macedonia. It is not, as I hope I have made clear, only a question of economy. It is also a very important political question; the survival of a democratic process is at stake. Its failure could tilt the balance of the whole region, which could fall into the pit of aggressive nationalism. That could actually happen if the economy of my country collapses under the strain of sanctions imposed on a neighbouring country.

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(Signed) Ronaldo Mota SARDENBERG
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"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communications received from Slovakia under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992 and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993, in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by Slovakia (documents S/25894 of 7 June 1993 and S/26648 of 27 October 1993) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of Slovakia,

"Expressing concern at the special economic problems confronting Slovakia as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by Slovakia,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by Slovakia, as well as other States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of Slovakia for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist Slovakia in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by Slovakia;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to Slovakia to mitigate the adverse impact on its economy of the application by Slovakia of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to Slovakia, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General, on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of Slovakia and to report thereon to the Security Council."

Enclosure I

Letter dated 7 June 1993 from the Permanent Representative of Slovakia to the United Nations addressed to the President of the Security Council a/

Upon instructions from my Government, I have the honour to communicate the following:

The Security Council has decided on a wide range of measures against Serbia and Montenegro. The Slovak Republic is fully committed to implement all the resolutions of the Security Council.

As a Danube country and a directly affected Member State of the United Nations, the Slovak Republic is confronted with serious economic problems arising from carrying out the measures set out in the relevant Security Council resolutions.

Therefore, invoking Article 50 of the Charter of the United Nations, the Government of the Slovak Republic wishes to consult the Security Council with regard to a solution to these problems.

I would appreciate if you could kindly inform the members of the Security Council of the aforementioned intention of my Government and have this letter circulated as a document of the Security Council.

(Signed) Eduard KUKAN
Ambassador
Permanent Representative

Notes

a/ S/25894.

Enclosure II

Letter dated 26 October 1993 from the Permanent Representative of Slovakia to the United Nations addressed to the President of the Security Council a/

I have the honour to refer to my letter of 7 June 1993 addressed to you (S/25894) concerning the serious economic problems arising from carrying out the measures set out in the relevant Security Council resolutions imposing sanctions on the Federal Republic of Yugoslavia (Serbia and Montenegro) and also to Security Council resolution 843 (1993) of 18 June 1993.

In this connection I have the honour to transmit herewith details as to the nature and extent of the economic difficulties confronting my country as a result of its strict implementation of the sanctions regime imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro) by the Security Council in its relevant resolutions.

I would appreciate if you could kindly inform the members of the Security Council of these losses and have this letter and its annex circulated as a document of the Security Council.

(Signed) Eduard KUKAN
Ambassador
Permanent Representative

Notes

a/ S/26648.

Attachment I

Settlement of losses directly connected with the embargo

		Thousands of United States dollars
1.	Name of enterprise: Ministry of Economy of the Slovak Republic	
	Address: Špitálska 8, Bratislava Contact: Ing. Zorvan Milan Telephone: 321 548 Entrepreneurial sphere: foreign trade	
2.	Loss caused by import and export policy	
	A. Total primary expenses	89 380
	B. Total reimbursement expenses	35 080
	C. Total loss (A minus B)	54 300
3.	Cost of restructuring	
	A. Expenses connected with compensatory agreements	26 200
	B. Expenses connected with transient period	23 106
	C. Financial expenses	35 080
	D. Cost of maintenance	36 810
	E. Employees' wages loss	
	F. Other expenses	15 421
	G. Total cost of restructuring (A+B+C+D+E+F)	136 617
4.	Other alternatives	55 058
5.	Total loss	245 975
6.	Expected loss in 2, half-year 1993	41 815

Attachment II

Information on the losses directly or indirectly connected with sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) resulting from the implementation of the resolution of the United Nations Security Council

	Thousands of United States dollars	
Losses arising from:	1992	1993
Cancelled contracts	91 965	1 965
Goods produced but not exported	-	-
Products transferred to other markets at lower prices	-	-
Cancelled imports	858	-
Compensatory contracts, which covered cancelled imports	-	-
Cancelled imports without compensatory contracts	-	-
Cancelled barter transactions	6 192	465
Exported but unpaid production (with maturity after 31 May 1992)	1 424	-
Suspension and delay of transport	38 346	11 653
Payment of interest bank credits used for production of goods, which should be exported to the former Yugoslavia	-	-
Interest paid for bank credits in convertible currency, used for the coverage of imports from the former Yugoslavia before the embargo, which had to be compensated with imports from other markets	-	-
Dead capital resulting from unrealized exports	5 150	4 337
Profit loss from goods contracted but not produced for the Federal Republic of Yugoslavia (Serbia and Montenegro)	10 113	11 786
Other reasons	37 908	23 813
	191 956	54 019
	191 956	
	54 019	
Total	245 975	

/...

Attachment III

1. Factual description

The first agreement between Czechoslovakia and the Kingdom of Serbia, Croatia and Slovenia about cooperation and trade was contracted in 1928. After the end of World War II, following a short freeze in mutual relations in the 1950s, an intense expansion of commercial, and then political, cooperation between Czechoslovakia and Yugoslavia took place in the next decade.

This cooperation was further developing generally, in cooperation, in production and in the founding of common enterprises, etc.

The rapid decline in the mutual exchange of goods after 1989 is proved by the following survey:

	1989	1990	1991	1992
Total turnover	1 228.0	1 038.0	401.3	168.4
Import	608.0	533.7	163.1	47.1
Export	620.0	505.0	238.2	121.3

In accordance with the suggestion of the delegation of the United States of America at the meeting of "The committee of delegates" in Vienna (February 1993) furthermore severe sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) were discussed. This also affected transit and damaged and impaired the economy of Slovakia.

The suggestion of the delegation of the United States of America was accepted and reflected in the most severe resolution of the United Nations Security Council accepted till now: resolution 820 (1993), which came into effect on 26 April 1993.

Since Slovakia, as a Member of the United Nations, fully respects its decisions and consistently abides by resolution 820 (1993) in spite of grave economic losses, it is necessary to mitigate this impact on Slovakia in any form and reimburse the quantified losses.

According to data obtained, 43 subjects in Slovakia have been affected by the embargo, three quarters of them are private and privatized physical and juridical persons and nearly one quarter are joint-stock companies with State participation.

These subjects are controlled by five departments:

Ministry of Transport, Communications and Public Works

Ministry of Health

Ministry of Economy

Ministry of Agriculture

Ministry of Finance

The embargo affects these branches:

	Thousands of United States dollars
Machine industries	16 537
Power engineering	5 365
Foodstuff, cereals, fruit and vegetables	23 200
Foreign trade (export, import)	64 300
Slovak railways	8 165
Water transport	18 900
Road transport	3 050
Building industry	17 902
Metallurgy	28 220
Steelmaking	7 250
Oil industry	4 570
Chemical industry	3 458
Other branches	45 058
Total	245 975

These numbers correspond with the data in the response to the questionnaire and attachment I.

2. Argumentation

Many business partners from Slovakia had been cooperating for several decades with the States of the former Yugoslavia. Owing to this cooperation, they created mutual good business and cooperative relations, settled through clearing arrangements.

They created common technology and standards applied in production and business.

With the change of the political situation in Yugoslavia and the implementation of the embargo imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro) by the United Nations Security Council, these relations have been disturbed and the said region is not utilizable for mutual business

and cooperation between Slovakia and the Federal Republic of Yugoslavia (Serbia and Montenegro). Many producers in Slovakia are experiencing a great decline in production. Completed products and components are staying on stock as dead capital which constantly burdens producers financially with warehouse expenses. It is very difficult to find compensatory customers in Europe and overseas and this brings an excessive increase in expenses.

In many cases, specific equipment like engines, gearings, air-conditioning and others was imported custom-made for a given technical complex. Because of the situation that has arisen, they are not utilizable, or even marketable. This loss is directly affecting the contractor and it burdens the producer.

The realization of these supplies to the Federal Republic of Yugoslavia (Serbia and Montenegro) was fully suspended because of the embargo. The same applies to cooperation and joint ventures between Slovakia and the States of the former Yugoslavia.

Detailed quantified losses of Slovakia connected with the embargo against the Federal Republic of Yugoslavia (Serbia and Montenegro) (Security Council resolution 820 (1993)) are summarized in the answer to the questionnaire for settlement of losses directly connected with the embargo (see attachments I and II).

Annex II

Recommendation by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia with regard to the former Yugoslav Republic of Macedonia

"The Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia,

"Having dealt with the communication received from the former Yugoslav Republic of Macedonia under Article 50 of the Charter of the United Nations,

"Recalling Security Council resolutions 713 (1991) of 25 September 1991, 724 (1991) of 15 December 1991, 757 (1992) of 30 May 1992, 787 (1992) of 16 November 1992, and 820 (1993) of 17 April 1993, in which the Council decided to impose an arms embargo against the territory of the former Socialist Federal Republic of Yugoslavia and a comprehensive set of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), and Security Council resolution 843 (1993) of 18 June 1993 in which the Council entrusted the Committee established pursuant to its resolution 724 (1991) with the task of examining requests for assistance under the provisions of Article 50 of the Charter of the United Nations, as well as other relevant resolutions,

"Recalling further the provisions of Articles 25, 49 and 50 of the Charter of the United Nations,

"Noting the information submitted by the former Yugoslav Republic of Macedonia (documents S/AC.27/1993/COMM.3396 and S/AC.27/1993/WG/COMM.3) regarding the measures taken to give full effect to the sanctions as laid down in Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), and concerning the special economic problems it has been confronted with as a result of the implementation of those measures,

"Having heard the representative of the former Yugoslav Republic of Macedonia,

"Expressing concern at the special economic problems confronting the former Yugoslav Republic of Macedonia as a result of the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), which are particularly difficult in terms of commercial and financial losses incurred by the former Yugoslav Republic of Macedonia,

"Recognizing that the continued full implementation of Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993) by the former Yugoslav Republic of Macedonia, as well as other

States, will support the measures to ensure compliance with these and other relevant resolutions,

"1. Commends the Government of the former Yugoslav Republic of Macedonia for the measures it has taken to comply with Security Council resolutions 713 (1991), 724 (1991), 757 (1992), 787 (1992) and 820 (1993);

"2. Recognizes the urgent need to assist the former Yugoslav Republic of Macedonia in coping with its special economic problems resulting from the severance of its economic relations with the Federal Republic of Yugoslavia (Serbia and Montenegro), as required by Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), especially commercial and financial losses incurred by the former Yugoslav Republic of Macedonia;

"3. Appeals to all States on an urgent basis to provide immediate technical, financial and material assistance to the former Yugoslav Republic of Macedonia to mitigate the adverse impact on its economy of the application by the former Yugoslav Republic of Macedonia of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"4. Invites the competent organs and specialized agencies of the United Nations system, including the international financial institutions, and the regional development banks, to consider how their assistance programmes and facilities might be helpful to the former Yugoslav Republic of Macedonia, with a view to alleviating its special economic problems arising from the application of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to Security Council resolutions 757 (1992), 787 (1992) and 820 (1993);

"5. Requests the Secretary-General on a regular basis, to seek information from States and the concerned organs and agencies of the United Nations system on action taken to alleviate the special economic problems of the former Yugoslav Republic of Macedonia and to report thereon to the Security Council."

Enclosure I

Communication dated 11 May 1993 from the Ministry of Foreign Relations of the former Yugoslav Republic of Macedonia addressed to the Chairman of the Committee a/

The Ministry of Foreign Relations of the Republic of Macedonia presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia, His Excellency Ronaldo Mota Sardenberg, and has the honour to enclose herewith a summary of projected damages arising from the implementation of the United Nations Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), provided by the Government of the former Yugoslav Republic of Macedonia.

Notes

a/ Issued as a document of the Committee (S/AC.27/1993/COMM.3396).

Attachment I

Summary of projected damages arising from the implementation of United Nations Security Council resolutions 757 (1992), 787 (1992) and 820 (1993)

	Millions of United States dollars
TOTAL AMOUNT OF DAMAGES	11 847.0
1. Loss of revenue resulting from reduced production and marketing of industrial and mining production	902.2
(a) Sources of energy	10.4
(b) Ferrous metallurgy	117.6
(c) Non-ferrous metallurgy	95.9
Ore production of non-ferrous metals	6.6
Production of ferrous metals	56.6
Processing of non-ferrous metals	32.8
(d) Non-metallic minerals	31.9
Non-metallic mineral production	0.7
Non-metallic mineral processing	31.2
(e) Metal processing	22.8
(f) Production of traffic equipment	91.7
(g) Production of electrical machinery	66.7
(h) Chemical industry	99.7
Basic chemical industry	65.8
Processing of chemical products	33.9
(i) Production of building materials	13.4
(j) Wood industry	25.1
Production of lumber	2.2
Production of finished wood products	22.9
(k) Paper production and processing	16.0
(l) Textile industry	117.0
Textile yarn and materials	35.4
Production of finished textile products	81.6
(m) Leather industry	45.8
Leather and fur production	4.9
Production of footwear and leather accessories	40.9
(n) Food industry	53.9
Production of foodstuffs	45.2
Production of beverages	8.7
(o) Tobacco production and processing	94.1
2. Increased transport costs resulting from the use of alternate transport routes (see survey on p. 19)	207.5

		Millions of United States dollars
3.	Loss of revenue resulting from unrealized transport services	
	Road communications	134.4
	Railway communications	49.2
	Air communications	30.2
	Post/telegraph/telephone services	8.4
4.	Loss of revenue resulting from unrealized commerce	58.0
5.	Loss of revenue resulting from unrealized tourist services (1 million beds x $35)	35.0
6.	Loss of revenue resulting from unrealized production and marketing of agricultural, forestry and water resources	182.0
	Agriculture	165.6
	Farming	90.3
	Fruits	9.4
	Grapes and wine production	16.6
	Cattle breeding	49.3
	Forestry	14.0
	Water resources	2.4
7.	Increased expenses for social safety, pensions, acquirement of medicines, redundancies, discontinuation of production	113.0
	Material and social security for redundant workers	40.0
	Material and social security for workers on mandatory leave	30.0
	Additional expenses for acquirement of medicines and raw materials for the production of medicine	40.0
	Additional expenses for pensions of persons living in the former Yugoslav Republic of Macedonia who acquired pension rights in the Federal Republic of Yugoslavia	3.0
8.	Indirect damages	65.0

Attachment II

Survey of transported quantities and increased expenses owing to the use of alternate routes within the period of one year

Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
1. Crude oil and derivatives	1 100	Salonica	Burgas	Import	33.4	37 712
2. Ferrous metallurgy						
Components	800 000	Salonica	Burgas	Import	42.5	34 000
Sheets and metals	400 000	Salonica	Burgas	Export	42.5	17 000
Sheet metal	300 000	Subotica	Subotica	Export	96.9	290 612
Ferrous alloys	100 000	Salonica	Burgas	Import	42.5	4 250
Ferromanganese/silicone manganese	50 000	Salonica	Burgas	Export	42.5	2 125
Chrome ore	120 000	Salonica	Burgas	Import	42.5	5 100
Ferrochrome/ ferrosilicium	80 000	Subotica	Subotica	Export	96.9	5 813
Electrical power	15 000	Salonica	Burgas	Import	42.5	638
Nickel	8 000	Subotica	Subotica	Export	96.9	581
Manufactured material for pipes	80 000	Salonica	Burgas	Import	42.5	3 400
Pipes	70 000	Salonica	Burgas	Export	42.5	2 975
Total	2 003 000					104 944

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Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
3. Zinc concentrate	65 000	Salonica	Burgas	Import	42.5	2 750
Zinc	15 000	Subotica	Subotica	Export	96.9	4 359
Manufactured aluminum material	7 000	Subotica	Subotica	Import	96.9	678
Finished product	6 000	Subotica	Subotica	Export	96.9	581
Manufactured copper material	1 000	Subotica	Subotica	Import	96.9	97
Copper	6 000	Subotica	Subotica	Export	96.9	581
Total	100 000					9 046
4. Metal processing						
Manufactured material	5 000	Subotica	Subotica	Import	96.9	472
Finished products	10 000	Salonica	Burgas	Export	42.5	425
Total	15 000					897
5. Traffic equipment						
Manufactured materials and components	10 000	Subotica	Subotica	Import	96.9	969
Fixtures	4 000	Subotica	Subotica	Export	96.9	387
Total	14 000					1 365
6. Electrical machinery						
Manufactured materials and components	3 000	Subotica	Subotica	Import	96.9	290
Finished products	3 000	Salonica	Burgas	Export	42.5	127
Total	6 000					417

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Category/product	Quantity in tons	Old route	New route	Import/ export	Difference in price (dollars per ton)	Price in thousands of dollars
7. Chemical industry						
Basic materials for fertilizers	200 000	Subotica	Subotica	Import	96.9	19 375
Other manufactured materials	60 000	Salonica	Burgas	Import	42.5	2 550
Export of finished products	36 000	Subotica	Subotica	Export	96.9	3 487
Total	296 000					25 412
8. Coal	300 000	Subotica	Subotica		96.9	28 750
GRAND TOTAL	3 862 000					207 543

Notes: In 1992 5,641 tons have been transported by railway cargo transport and 6,141,000 by road cargo transport.

The following routes are given for comparison:

(a) Skopje-Nis-Belgrade-Subotica; railway transport, 15-ton tariffs; individual price $71.90 per ton;

(b) Skopje-Guesevo-Ruse-Kurtici; combined transport, Skopje-Guesevo by truck, Guesevo-Kurtic by train, 15-ton tariff; reloading at Guesevo; individual price $168.75 per ton.

Difference $96.85 per ton.

Skopje-Thessaloniki - railway transport individual price $39.40 per ton

Skopje-Burgas - road transport individual price $81.90 per ton

Difference $42.50 per ton

.../

Attachment III

Statement by the representative of the former Yugoslav Republic of Macedonia to the Working Group (on Article 50 of the Charter of the United Nations) on 30 November 1993

The fact that the Republic of Macedonia is the only member of the former Yugoslav Federation that achieved its independence through a policy of peaceful self-determination has spared our peoples the grave consequences of devastation caused by war. This policy has also helped stabilize the region. This region, as has been demonstrated in two Balkan Wars at the beginning of this century, is potentially an arena of conflict involving many nations. That is why we have stood for a foreign policy of peace and tolerance and for dialogue as a political method for resolving problems among Balkan States.

Speaking of our domestic policy, we are determined to push forward with economic and political reforms which will lead us to a market economy and a democratic society. Also, it is of utmost importance to us to preserve the inter-ethnic dialogue, the lack of which has caused so much suffering in parts of the territory of the former Yugoslavia.

Supporting the action of the United Nations formulated in Security Council resolution 757 (1992), my Government, together with other nations in the world, hoped that it would lead to a peaceful end to the war by putting economic pressure on the warring sides. But in our letter of support dated June 1992, addressed to the Secretary-General, we underlined that, because of the specific position of our economy, sanctions would hurt us badly, and asked for assistance calling on Article 50 of the Charter of the United Nations.

We also presented an estimate of direct and indirect damages in the fields of industry, transport and communications, civil engineering, trade and tourism. In the same letter we pointed to the fact that, and I quote "owing to the unique technological development on the territory of the former Yugoslavia, there are several interrelated systems, such as the electro-economic system, the postal and telecommunications system, the railway and transportation system ..." which, when cut off, would produce an economically impossible situation for our State.

Prior to the sanctions, the "organic" whole of the economy of the former State was being broken, not through dialogue and sober judgement as to what should remain of the previous economic relations, a policy that we stood for, but through economic war, which was soon followed by real war.

Moving away from the conflict, we in Macedonia began a speedy process of economic and financial emancipation from the former State of Yugoslavia, laying at the same time the foundations for economic and political reform of our society. Parallel to this colossal task we had to adjust our economy to Security Council resolution 757 (1992) (and later resolutions 787 (1992) and 820 (1993)), which meant cutting all economic, scientific, cultural and sports ties with the Federal Republic of Yugoslavia (Serbia and Montenegro).

I am trying to make one point very clear, a point which distinguishes us from other neighbouring countries, making our position incomparably more difficult. The point is this: on the one side you have the economies of neighbouring countries which are badly hurt by the sanctions imposed on the Federal Republic of Yugoslavia (Serbia and Montenegro), on the other side, in the case of Macedonia, you have all of this plus an economy in the making, emancipating itself from the economy it was part of by working on the necessary economic legislation, by printing its own money, by building border crossings and customs offices in the north, to mention only a few things. We also had to cope with the economic and political pressure imposed on us by one of our neighbours, who, at that time, incorrectly perceived the creation of our State as a threat to their security.

Having all of these severe problems in mind it is a miracle that we have managed to preserve our economy, our internal peace, an open dialogue with ethnic minorities and their participation in Government, and even move forward towards a market economy, privatization and democratic institution-building. I say this because the economic conditions that we are experiencing today tend to radicalize all issues, not just the economic ones. Poverty produces radicalism.

Speaking of poverty allows us to inform you that using the methodology of the United Nations Development Programme (UNDP), an inquiry was made in some 170 enterprises which carry 80 per cent of the trade and 80 per cent of the workforce in Macedonia. The result of this inquiry clearly shows that as a result of the sanctions our economy has been ravaged. The price that we have had to pay is the following: industry, agriculture, trade, tourism, communications and construction: 2.3 billion United States dollars (direct damages being 1.83 billion United States dollars while indirect damages total 470 million United States dollars). Industry, with 1.9 billion dollars in damages and agriculture with 182 million dollars, have been hit the worst.

The Republic of Macedonia, a land-locked country, with its only viable road and railroad system going north through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) closed, and a lost market, which accounted for 56 per cent of our exchange, is facing a severe economic crisis, potential economic chaos and a very bleak economic future. Political consequences follow.

I urge the Security Council to call for immediate assistance for the Republic of Macedonia. It is not, as I hope I have made clear, only a question of economy. It is also a very important political question; the survival of a democratic process is at stake. Its failure could tilt the balance of the whole region, which could fall into the pit of aggressive nationalism. That could actually happen if the economy of my country collapses under the strain of sanctions imposed on a neighbouring country.